

**LOUISIANA PUBLIC HEALTH
INSTITUTE**

Audits of Financial Statements

June 30, 2009 and 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/2/09

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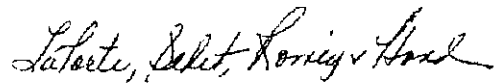
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Our audits were performed for the purpose of forming an opinion on the basic financial statements of the Louisiana Public Health Institute taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the accompanying financial information presented on pages 13 and 14 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

August 17, 2009

LOUISIANA PUBLIC HEALTH INSTITUTE
Statements of Financial Position
June 30, 2009 and 2008

| | 2009 | 2008 |
|--|---------------------|---------------------|
| Assets | | |
| Cash and Cash Equivalents - Unrestricted | \$ 1,734,064 | \$ 1,305,411 |
| Grants Receivable | 3,604,341 | 2,467,311 |
| Other Receivables | 302,041 | 179,119 |
| Cash and Cash Equivalents - Restricted | 846,999 | 1,520,298 |
| Certificates of Deposit | 531,086 | 1,035,022 |
| Furniture and Office Equipment, Net | 9,433 | 21,009 |
| Other Assets | 1,325 | 1,325 |
| Total Assets | \$ 7,029,289 | \$ 6,529,495 |
| Liabilities | | |
| Accounts Payable | \$ 2,575,874 | \$ 2,122,394 |
| Accrued Liabilities | 61,318 | 59,559 |
| Due to Clinics - PCASG | 423,135 | 1,072,844 |
| Deferred Grant Revenue | 3,059,527 | 2,426,315 |
| Total Liabilities | 6,119,854 | 5,681,112 |
| Net Assets | | |
| Unrestricted | 909,435 | 848,383 |
| Total Liabilities and Net Assets | \$ 7,029,289 | \$ 6,529,495 |

The accompanying notes are an integral part of these financial statements.

LOUISIANA PUBLIC HEALTH INSTITUTE
Statements of Activities
For the Years Ended June 30, 2009 and 2008

| | 2009 | 2008 |
|---|-------------------|-------------------|
| Unrestricted Support and Revenue | | |
| Grants and Contracts | \$ 48,029,847 | \$ 66,636,949 |
| Other Revenue | 1,039,197 | 695,519 |
| Interest Income | 3,092 | 10,573 |
| Total Unrestricted Support and Revenue | 49,072,136 | 67,343,041 |
| Expenses | | |
| Program Services and Grants | 48,294,333 | 66,697,247 |
| General and Administrative | 716,751 | 480,734 |
| Total Expenses | 49,011,084 | 67,177,981 |
| Change in Unrestricted Net Assets | 61,052 | 165,060 |
| Unrestricted Net Assets, Beginning of Year | 848,383 | 683,323 |
| Unrestricted Net Assets, End of Year | \$ 909,435 | \$ 848,383 |

The accompanying notes are an integral part of these financial statements.

LOUISIANA PUBLIC HEALTH INSTITUTE
Statements of Cash Flows
For the Years Ended June 30, 2009 and 2008

| | 2009 | 2008 |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Change in Unrestricted Net Assets | \$ 61,052 | \$ 165,060 |
| Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash (Used in) Provided by Operating Activities | | |
| Depreciation | 11,576 | 18,553 |
| (Increase) Decrease in: | | |
| Grants Receivable | (1,137,030) | 760,524 |
| Other Receivables | (122,922) | (79,353) |
| Increase (Decrease) in: | | |
| Accounts Payable | 453,480 | 1,008,214 |
| Accrued Liabilities | 1,759 | 58,051 |
| Due to Clinics - PCASG | (649,709) | 1,072,844 |
| Due to Louisiana Rural Health Services Corp. | - | (142,598) |
| Due to LCRC | - | (654,000) |
| Deferred Grant Revenue | 633,212 | 300,899 |
| Net Cash (Used in) Provided by Operating Activities | (748,582) | 2,508,194 |
| Cash Flows from Investing Activities | | |
| Increase in Restricted Cash | 673,299 | (1,437,673) |
| Increase in Investment in Certificate of Deposit | 503,936 | (1,035,022) |
| Decrease in Investment in Certificate of Deposit - Restricted | - | 141,859 |
| Net Cash Provided by (Used in) Investing Activities | 1,177,235 | (2,330,836) |
| Net Increase in Cash and Cash Equivalents | 428,653 | 177,358 |
| Cash and Cash Equivalents, Beginning of Year | 1,305,411 | 1,128,053 |
| Cash and Cash Equivalents, End of Year | \$ 1,734,064 | \$ 1,305,411 |

The accompanying notes are an integral part of these financial statements.

LOUISIANA PUBLIC HEALTH INSTITUTE

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Activities

The Louisiana Public Health Institute (LPHI) is an independent 501(c)(3) organization established in 1997. LPHI is a part of a growing movement of public health institutes in America. As a primary strategy, LPHI creates and fosters collaborative endeavors in the areas of health information, public policy, applied research, and community capacity enhancement. LPHI is dedicated to promoting the health and well-being of the people of Louisiana through public-private partnerships.

Basis of Accounting

LPHI prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, involving the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. In accordance with SFAS No. 117, LPHI is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. LPHI has no temporarily or permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Furniture and Office Equipment

Acquisitions of furniture and office equipment in excess of \$2,500 with an estimated useful life of three years or greater and acquisitions of computer equipment in excess of \$3,000 are capitalized. Furniture and office equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets.

Contributed Services

No amounts have been reflected in the financial statements for contributed services since the recognition criteria under accounting principles generally accepted in the United States of America have not been met.

LOUISIANA PUBLIC HEALTH INSTITUTE

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue and Expenses

Support for LPHI is provided primarily by grants funded by private foundations and by State and Federal agencies. Grant revenue is recognized as expenditures, for allowable grant purposes, are incurred. Grant funding received in advance of expenditures for allowable grant purposes is recognized as deferred revenue. Expenditures are to be made in accordance with grant budgets that have been adopted.

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, LPHI considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Cash Flow Information

LPHI did not make any cash payments for interest or income taxes during the years ended June 30, 2009 and 2008.

Economic Dependency

Support for LPHI is provided primarily by grants from private foundations and through agencies of the State of Louisiana and the Federal government. The continued operations of LPHI are dependent upon the renewal of current grants and/or the procurement of additional funding sources.

Federal Income Taxes

LPHI is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

New Accounting Pronouncements

In June 2006, the FASB issued FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes* - an interpretation of FASB Statement No. 109. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return including positions that the organization is exempt from income taxes or not subject to income taxes on unrelated business income. If there are changes in net assets as a result of application of FIN 48 these will be accounted for as an adjustment to the opening balance of retained earnings. Additional disclosures about the amounts of such liabilities will be required also.

LOUISIANA PUBLIC HEALTH INSTITUTE

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements (Continued)

LPHI presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax benefits by applying FASB Statement No. 5, *Accounting for Contingencies*. LPHI has elected to defer the application of Interpretation 48 in accordance with FASB Staff Position (FSP) FIN 48-3. This FSP defers the effective date of FIN 48 for nonpublic enterprises, such as the LPHI, included within its scope to the annual financial statements for fiscal years beginning after December 15, 2008. LPHI will be required to adopt FIN 48 in its 2009 annual financial statements. Management has not assessed the impact of FIN 48 on its consolidated financial position and results of operations and has not determined if the adoption of FIN 48 will have a material effect on its financial statements.

Note 2. Concentration of Risk

Although LPHI maintains cash in bank accounts in excess of FDIC insured limits, it has entered an agreement with its financial institution to invest its cash in overnight repurchase agreements in order to secure its cash balances.

Note 3. Cash - Restricted

During the year ended June 30, 2004, LPHI entered into a contract with the Louisiana Cancer Research Center (LCRC) whereby LPHI is to provide management, operational, and monitoring supervision of specific programs for the creation of the Louisiana Tobacco Prevention and Cessation Program (TPCP). Under the contract, LCRC advanced \$930,000 to LPHI. With these funds, LPHI established two separate bank accounts for the TPCP; one account was established as an operating account, the other as a money market investment account. The funds within the account are to be used strictly for expenditures associated with the TPCP. During the year ended June 30, 2005, LPHI closed the money market investment account.

During the year ended June 30, 2008, LPHI entered into a contract with the Louisiana Department of Health and Hospitals (DHH) to serve as the local partner for the Primary Care and Access Stabilization Grant (PCASG) program. In order to facilitate and segregate the funding to be received from DHH and the funding that LPHI would be required to remit to participating medical clinics, LPHI established a separate bank account with a financial institution.

LOUISIANA PUBLIC HEALTH INSTITUTE

Notes to Financial Statements

Note 3. Cash - Restricted (Continued)

A reconciliation of the amount of restricted cash reflected on the Statements of Position at June 30, 2009 and 2008 follows:

| | 2009 | 2008 |
|-------------------------|-------------------|---------------------|
| Restricted Cash - TPCP | \$ 111,320 | \$ 110,417 |
| Restricted Cash - PCASG | <u>735,679</u> | <u>1,409,881</u> |
| Total | <u>\$ 846,999</u> | <u>\$ 1,520,298</u> |

Note 4. Certificates of Deposit - Restricted

During the year ended June 30, 2002, LPHI obtained a \$500,000 loan from the Louisiana Public Facilities Authority (LPFA) in order to facilitate a low-interest loan program for rural health clinics and hospitals. The loan program was established to assist rural health clinics and hospitals in obtaining necessary equipment and facilities to enhance their ability to provide high-quality health care to residents in rural areas of the State. Upon receipt of the loan proceeds from LPFA, LPHI opened a separate bank account to facilitate the loans and placed \$225,000 in certificates of deposit in various financial institutions throughout the State of Louisiana.

During the year ended June 30, 2003, LPHI entered into an agreement with the Southeast Louisiana Area Health Education Foundation (Foundation) and the LPFA whereby LPHI agreed to transfer the balance of the LPFA loan and the related assets to the Foundation. In accordance with the agreement, the LPFA canceled the loan agreement it had with LPHI and initiated a new loan agreement with the Foundation. In addition, LPHI transferred the outstanding loans issued to rural health clinics and the remaining cash balance maintained in the separate bank account to the Foundation. During the year ended June 30, 2006, the Foundation transferred its rights to the certificates of deposit to the Louisiana Rural Health Services Corporation.

During the fiscal year ended June 30, 2008, the certificates of deposit matured, and the proceeds were transferred to the Louisiana Rural Health Services Corporation.

LOUISIANA PUBLIC HEALTH INSTITUTE

Notes to Financial Statements

Note 5. Other Receivables

Other receivables consist of the following at June 30th:

| | 2009 | 2008 |
|--|-------------------|-------------------|
| Due from National Public Health Institute Network | \$ 272,892 | \$ 125,237 |
| Service Related Receivables | 28,535 | 53,613 |
| Other | 614 | 269 |
| Total | \$ 302,041 | \$ 179,119 |

During the year ended June 30, 2003, LPHI entered into an agreement with the National Network of Public Health Institutes (NNPHI) whereby LPHI is to provide supervision of NNPHI business activities and affairs. As part of this agreement, the Chief Executive Officer of LPHI serves as Chief Executive Officer of NNPHI, and reports directly to the board of directors of NNPHI. LPHI bills NNPHI monthly for the management services rendered. The revenue associated with this agreement is included in "Other Revenue" in the Statements of Activities.

During the fiscal year ended June 30, 2008, LPHI began to earn fees for services related to information technology, communication, media, and program evaluations rendered to other agencies and not-for-profit organizations. This revenue is included in "Other Revenue" in the Statements of Activities.

Note 6. Furniture and Office Equipment

Furniture and office equipment consist of the following at June 30th:

| | 2009 | 2008 |
|--------------------------------|-----------------|------------------|
| Computer Equipment | \$ 96,259 | \$ 96,259 |
| Computer Software | 8,184 | 8,184 |
| Office Furniture | 6,584 | 6,584 |
| | 111,027 | 111,027 |
| Less: Accumulated Depreciation | 101,594 | 90,018 |
| Total | \$ 9,433 | \$ 21,009 |

Depreciation expense for the years ended June 30, 2009 and 2008, totaled \$11,576 and \$18,553, respectively.

LOUISIANA PUBLIC HEALTH INSTITUTE

Notes to Financial Statements

Note 7. Due to Clinics - PCASG

As disclosed in Note 3, LPHI was named the local partner for the PCASG program. As local partner, LPHI's primary role is to serve as a conduit for federal funds being passed through the Louisiana Department of Health and Hospitals to approved medical clinics serving Orleans, Jefferson, and Plaquemines parishes, as well as to monitor the utilization of these funds and the overall performance of the approved clinics. At June 30, 2009 and 2008, the amount of funding approved, but not yet disbursed, to eligible medical clinics totaled \$423,135 and \$1,072,844, respectively.

Note 8. Due to LCRC

Immediately following Hurricane Katrina, LPHI developed and implemented a media campaign to respond to critical health issues associated with the impact of the hurricane. Although funding for this initiative was initially provided through the Louisiana Cancer Research Center (LCRC), management sought reimbursement through the Federal Emergency Management Agency (FEMA). LPHI received reimbursement from FEMA in February 2007.

LCRC requested that LPHI reimburse LCRC for the amount of expenditures associated with the hurricane response campaign. This liability, which amounted to \$654,000 at June 30, 2007, was paid during the fiscal year ended June 30, 2008.

Note 9. Commitments and Contingencies

Leases

LPHI leases office facilities under an operating lease which expires in January 2012. Minimum future rental payments under this lease follow for the years ending June 30th:

| Years | Amount |
|--------------|--------------------------|
| 2010 | \$ 257,481 |
| 2011 | 257,481 |
| 2012 | <u>150,197</u> |
| Total | <u>\$ 665,159</u> |

LPHI also leases office facilities on a month-to-month basis. Rent expense incurred during the years ended June 30, 2009 and 2008, totaled \$235,740 and \$263,262, respectively.

Line of Credit

At June 30, 2009 and 2008, LPHI had a \$150,000 unsecured line of credit available from a financial institution. LPHI had no balance outstanding with the line of credit as of June 30, 2009, nor as of June 30, 2008.

LOUISIANA PUBLIC HEALTH INSTITUTE

Notes to Financial Statements

Note 10. Related Party Transactions

Rural Loan Program

As described in Note 4, LPHI entered into an agreement with the Foundation whereby LPHI transferred the \$500,000 loan it had with the LPFA, and the related assets, to the Foundation. The Chief Executive Officer of the Foundation serves on the Board of LPHI.

During the year ended June 30, 2006, the Foundation transferred its rights to the certificates of deposit currently held in the name of LPHI to the Louisiana Rural Health Services Corporation. During the fiscal year ended June 30, 2008, the certificates of deposit matured, and the proceeds were transferred to the Louisiana Rural Health Services Corporation.

Grants and Contracts

Several of LPHI's board members are employed by organizations with which LPHI has grant agreements or contracts for services.

Note 11. Pension Plan

LPHI sponsors a defined contribution retirement plan established under Section 403(b) of the Internal Revenue code. The amount contributed by LPHI for the years ended June 30, 2009 and 2008, was \$284,745 and \$246,240, respectively.

Note 12. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SUPPLEMENTAL INFORMATION

LOUISIANA PUBLIC HEALTH INSTITUTE
Schedule of Program Services and Grants
For the Years Ended June 30, 2009 and 2008

Schedule I

| Program/Grant | 2009 | 2008 |
|---|----------------------|----------------------|
| Primary Care and Access Stabilization Grant | \$ 34,016,214 | \$ 43,127,217 |
| Louisiana Campaign for Tobacco-Free Living | 7,134,412 | 7,559,125 |
| Kellogg: School Health Connection | 2,559,434 | 2,911,048 |
| OPH Tobacco Control Program | 927,038 | 607,220 |
| LA Workforce Commission - CDBG | 575,578 | 292,324 |
| LA Spirit Media Campaign | 499,527 | 2,429,724 |
| IS: Coordinated School-Based Health Centers | 249,916 | 69,440 |
| Collaborative to Improve Behavioral Health Access | 244,979 | 49,592 |
| Common Ground | 236,694 | 202,532 |
| Step Together New Orleans | 233,206 | 1,461,381 |
| GNO Primary Care Outreach Campaign | 177,416 | - |
| Children's Special Health Services | 170,486 | 129,769 |
| School Health Nurses Disaster Response Training | 170,183 | 146,042 |
| Ped & Bike Safety Campaign | 166,625 | - |
| LA Community AIDS Partnership | 136,047 | 69,233 |
| BCM: Behavioral Health Initiatives | 108,329 | 11,533 |
| Maternal and Child Health | 105,958 | 87,044 |
| American Legacy Foundation | 74,665 | - |
| IS: Special Projects | 74,266 | 25,677 |
| Evaluation: Special Projects | 64,560 | 43,725 |
| New Orleans Bike & Ped Infrastructure Initiative | 48,930 | - |
| Communications: Special Projects | 47,279 | 10,367 |
| LA Dept of Education Media Campaign | 39,731 | - |
| PATH: Special Projects | 38,072 | 49,804 |
| Rural Health: Special Projects | 25,127 | 1,064 |
| Kellogg Action Lab | 23,098 | - |
| Behavior Risk Factor Surveillance System | 20,000 | - |
| LA Public Health Information Exchange | 18,653 | 16,150 |
| REACH Louisiana | 17,938 | 64,371 |
| Social Services Block Grant | - | 6,094,504 |
| LA CHIP Media Campaign | - | 614,280 |
| Regional Planning Commission Media Campaign | - | 152,042 |
| SSI - Unity for the Homeless | - | 143,907 |
| Behavioral Health Action Network | - | 56,179 |
| GNO eHealth Record Project | - | 50,536 |
| Commonwealth Fund | - | 46,750 |
| GNO Healthcare Service Capacity Assessment | - | 43,305 |
| DHH: Foster Children Media Campaign | - | 19,996 |
| RWJ - LA Katrina Coordination | - | 18,024 |
| Rural Health Policy | - | 17,366 |
| Obesity Council Media Project | - | 15,000 |
| Other | 89,972 | 60,976 |
| Total Program Services and Grants | \$ 48,294,333 | \$ 66,697,247 |

See independent auditor's report.

LOUISIANA PUBLIC HEALTH INSTITUTE
Schedule of Revenues and Expenditures - TFL
For the Year Ended June 30, 2009

Schedule II

| | |
|---|-------------------|
| Unrestricted Support and Revenue | |
| Grants Revenue - Government | \$ 7,130,412 |
| Total Revenues | 7,130,412 |
| Expenses | |
| Contractual | 3,676,197 |
| Salaries | 1,542,431 |
| Grants | 389,852 |
| Marketing | 325,985 |
| Sponsorships | 268,216 |
| Travel | 170,666 |
| Payroll Tax Expense | 114,880 |
| Rent | 110,437 |
| Retirement Expense | 100,485 |
| Health Insurance | 87,606 |
| Meeting Costs | 68,344 |
| Telephone and Communications | 63,210 |
| Equipment | 52,930 |
| Supplies | 30,615 |
| Software | 24,024 |
| Conferences and Training | 21,008 |
| Monthly Parking | 19,285 |
| Student Interns | 15,535 |
| Professional Fees - Other | 14,088 |
| Dental Insurance | 8,195 |
| Worker's Comp | 7,573 |
| Postage | 7,104 |
| Dues and Memberships | 4,299 |
| Professional Fees - Audit | 2,750 |
| Insurance- General Liability | 1,909 |
| Professional Fees - Accounting | 1,800 |
| Printing | 1,688 |
| Recruitment | 1,403 |
| Insurance - Directors | 786 |
| Life Insurance | 612 |
| Bank Fees | 251 |
| Furniture | 169 |
| Public Relations | 79 |
| Total Expenses | 7,134,412 |
| Expenses in Excess of Revenues | \$ (4,000) |

See independent auditor's report.

OMB CIRCULAR A-133 SECTION

LOUISIANA PUBLIC HEALTH INSTITUTE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

| FEDERAL GRANTOR/ PASS-THROUGH AGENCY/ PROGRAM TITLE | Federal CFDA Number | Federal Expenditures |
|---|------------------------------------|---------------------------------|
| U.S. Department of Health and Human Services | | |
| Passed through State Department of Health and Hospitals | | |
| Primary Care and Access Stabilization Grant | 93.779 | \$34,016,214 |
| OPH Tobacco Control Program Media | 93.283 | 722,123 |
| LA Spirit Media Campaign | 97.032 | 499,527 |
| Children's Health Services | 93.994 | 119,223 |
| Maternal Child Health | 93.994 | 63,465 |
| Behavior Risk Factor Surveillance System | 93.283 | 20,000 |
| Hearing, Speech & Vision Program | 93.283 | 11,934 |
| HIV/AIDS Program | 93.917 | <u>7,834</u> |
| Total U.S. Department of Health and Human Services | | <u>35,460,320</u> |
| Social Security Administration | | |
| Passed through Unity for the Homeless | | |
| SSI - Unity for the Homeless | 96.006 | <u>5,845</u> |
| U.S. Department of Housing and Urban Development | | |
| Passed through Office of the Governor, Louisiana Workforce Commission | | |
| LA Workforce Commission - CDBG | 14.228 | <u>575,578</u> |
| U.S. Department of Agriculture | | |
| Passed through State Department of Education | | |
| LA Dept of Education Media Campaign | 10.574 | <u>39,731</u> |
| Total Expenditures of Federal Awards | | <u><u>\$ 36,081,474</u></u> |

LOUISIANA PUBLIC HEALTH INSTITUTE

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2009

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Louisiana Public Health Institute and is prepared in accordance with the accrual method of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2. Subrecipients

Louisiana Public Health Institute provided federal awards to subrecipients as follows:

| Program Title | Federal CFDA Number | Amount Provided |
|---|------------------------------------|----------------------------|
| Primary Care & Access Stabilization Grant | 93.779 | \$ 31,875,026 |
| LA Workforce Commission - CDBG | 14.228 | \$ 516,915 |



**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Louisiana Public Health Institute

We have audited the financial statements of Louisiana Public Health Institute as of and for the years ended June 30, 2009 and 2008, and have issued our report thereon dated August 17, 2009. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits we considered Louisiana Public Health Institute's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Public Health Institute's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

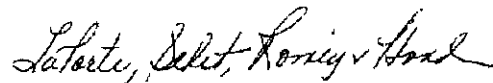
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Public Health Institute's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

* * * * *

This report is intended for the information of the Board of Directors, management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

August 17, 2009



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Louisiana Public Health Institute

Compliance

We have audited the compliance of Louisiana Public Health Institute with the types of compliance requirements described in the *United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Louisiana Public Health Institute's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Louisiana Public Health Institute's management. Our responsibility is to express an opinion on Louisiana Public Health Institute's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Louisiana Public Health Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Louisiana Public Health Institute's compliance with those requirements.

In our opinion, Louisiana Public Health Institute complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Louisiana Public Health Institute is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Louisiana Public Health Institute's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Louisiana Public Health Institute's internal control over compliance.

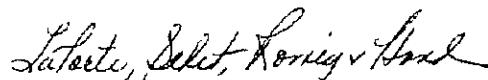
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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This report is intended for the information and use of the Board of Directors, Management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

August 17, 2009

LOUISIANA PUBLIC HEALTH INSTITUTE
Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2009

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Louisiana Public Health Institute.
2. No significant deficiencies relating to the audit of the financial statements of Louisiana Public Health Institute are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Louisiana Public Health Institute were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Louisiana Public Health Institute expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this Schedule.
7. The programs tested as major programs included:

| <u>PROGRAM</u> | <u>CFDA No.</u> |
|---|-----------------|
| Primary Care & Access Stabilization Grant | 93.779 |

8. The threshold for distinguishing Types A and B programs was \$1,082,444.
9. Louisiana Public Health Institute was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None